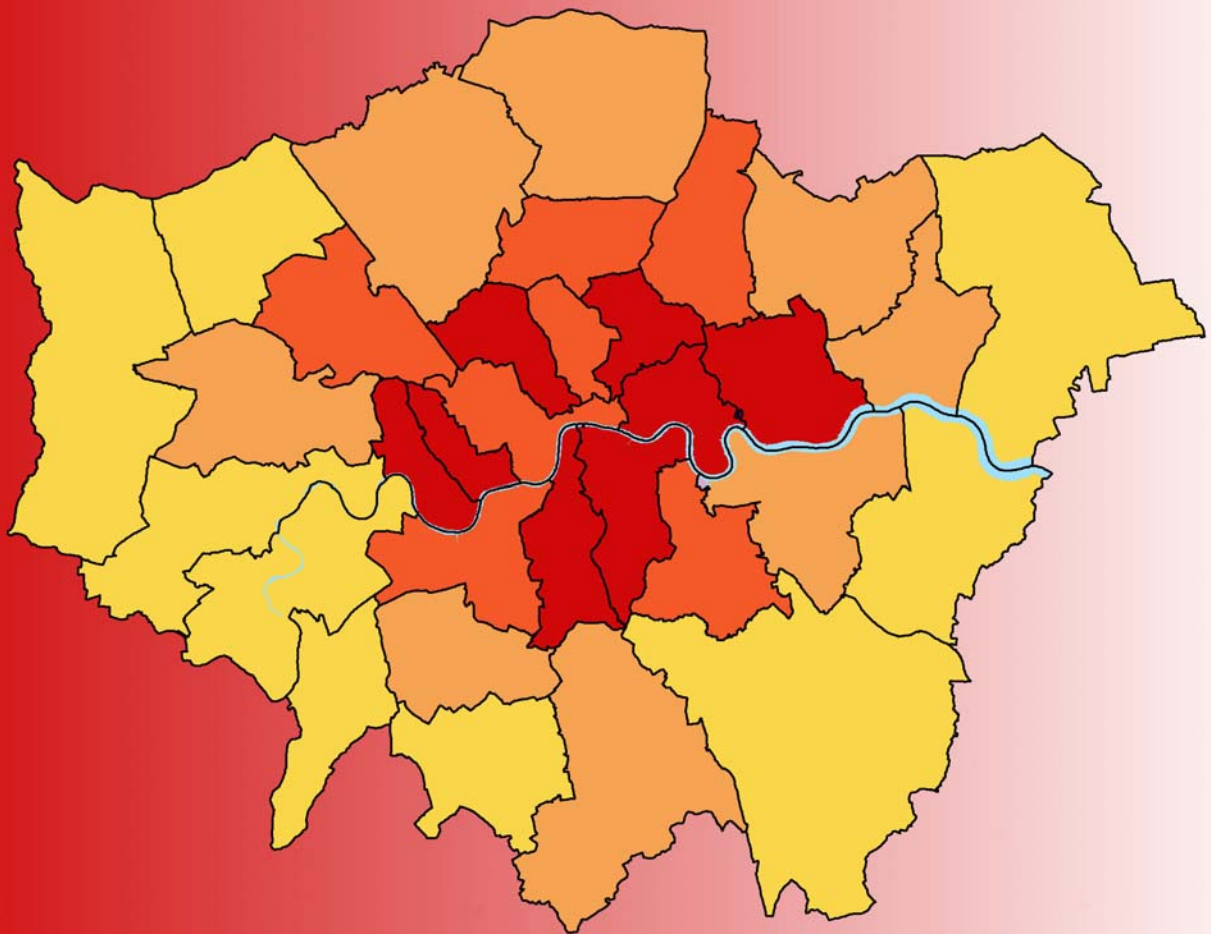


## Data Management and Analysis Group

### Benefits Data for London No.6 Child and Working Tax Credits



# **DMAG Briefing 2006/20**

**August 2006**

## **Benefits Data for London No.6: Child and Working Tax Credits**

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# Benefits Data for London

## No.6: Child and Working Tax Credits

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## Main Findings

- This Briefing looks at **Working Tax Credits** (WTC), which are paid to lower income families where an adult is in employment and **Child Tax Credits** (CTC), which are paid to people with children, whether they are in, or out of, work. *However this Briefing only covers in-work families.*
- To qualify for working tax credit a person must be in low-paid work and be:
  - over 16, have a child and work at least 16 hours a week; *or*
  - over 16, be disabled and work at least 16 hours a week; *or*
  - over 25 and work at least 30 hours a week; *or*
  - 50 or more, work at least 16 hours a week and be receiving certain benefits.
- To qualify for child tax credit a person must be at least 16 and be responsible for a child (i.e. be the main carer). It is paid in addition to child benefit.
- All families with incomes at or below £58,175 a year receive at least the **family element** of child tax credit. This is reduced by one pound for every £15 above this threshold – therefore there are families that receive tax credits below the basic amount. In this Briefing CTC is split between:
  - those receiving above the family element (either because they have more than one child, or a child under 1 year old, or a disabled child or a combination of these factors); and
  - or those receiving the basic family element or less.
- In 2004/05 378,000 families with dependent children received tax credits in London – that is 44 per cent of all families with children in London – the lowest for any region in England and Wales. The rate for Inner London was only 39 per cent.
- In London, 31 per cent of those families with children who received tax credits (**cases**) were lone parent families: this is the highest proportion in England and Wales.
- London (despite having the lowest percentage of cases in the country) had the largest percentage increase in cases between 2003/04 and 2004/05 with 6.3 per cent.
- In Inner London the proportion of cases receiving the family element or below was significantly lower than the rest of the country and Outer London – 34.5 per cent in Inner London compared to 50.5 per cent in England and Wales and 55.1 per cent in Outer London.
- London has the lowest rates in terms of the percentage of all children in families receiving tax credits compared to other regions and to England and Wales as a whole.

- The lowest rate of cases by far is in Kensington and Chelsea with 18.5 per cent – this is half the rate for Inner London as a whole.
- Just over 53 per cent of all cases in Southwark are lone parents – the highest percentage of all London boroughs.
- The general pattern in terms of type of award is that Inner London boroughs have a higher proportion of cases claiming both CTC and WTC and Outer London boroughs have a higher proportion of cases claiming just CTC with the family element or below.
- In Tower Hamlets just over 64 per cent of cases benefit from both CTC and WTC, whereas only 23 per cent are claiming just CTC with the family element or lower.
- London as a whole has the lowest take-up rates in the country – i.e. there are families in London entitled to child and working tax credits and are not claiming. The reasons for this are not clear. It may be that there are more higher income families in London which do not bother to claim because the gain is too small compared to the effort of filling in a long, complicated claim form. It may also be the case that there are more low income families in London, especially those with English as a second language, who are unaware of or do not understand the procedures involved to claim either CTC or WTC.
- There may also be more families in London who are not entitled to claim tax credits because they are subject to immigration control. These families may be included in the calculations for take-up rates in London but the affect of this is difficult to quantify.

## Introduction

This Briefing presents a geographical analysis of in-work families<sup>1</sup> receiving Child Tax Credit (CTC) and Working Tax Credit (WTC) in 2004-05 based on their finalised awards (see definition on page 5). The figures show the average number of in-work families, taken over the year, in each region of England and each London borough.

The source of the figures is HM Revenue and Customs and is based on data extracted from the tax credits computer system in April 2006 and includes almost all awards to in-work families (less than 1 per cent had to be imputed).

These tables exclude out-of-work families with children, which received CTC. HM Revenue and Customs do not include these figures for finalised awards because they consider that tables including only those out-of-work families receiving CTC could mislead users<sup>2</sup>.

The figures therefore show in-work recipients of both WTC and CTC and those receiving just CTC (split between those with awards above the family element and those equal to or below the family element). Families receiving WTC but not CTC are not shown separately.

CTC provides support to families for children and "qualifying" young people (in full-time non-advanced education until their 19th birthdays) for which they are responsible. WTC tops up the earnings of families on low or moderate incomes, and where an adult works for at least 16 hours per week and;

- (a) is responsible for at least one child or qualifying young person, or
- (b) has a disability which puts them at a disadvantage in getting a job, or
- (c) returned to work within the last year aged at least 50 after a period of at least six months receiving out-of-work benefits or,
- (d) is aged at least 25 and works for at least 30 hours per week.

A person is not eligible for tax credits if they subject to immigration control but is eligible if they belong to the following groups:

- European Economic Area (EEA) nationals, whether or not they are workers
- Refugees
- People with leave to enter or remain outside the immigration rules (exceptional, humanitarian or discretionary leave)
- British citizens

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<sup>1</sup> Couples with children or lone parents where the adult, or at least one adult in a couple, worked for 16 or more hours per week.

<sup>2</sup> HM Revenue and Customs exclude out of work families with children, which received CTC. This is because many other such families received their child support as Income Support or income-based Jobseeker's Allowance awards. Tables including only those out of work families receiving CTC could mislead users. HM Revenue and Customs believe that the number of families receiving their child support via benefits is declining, as families with children falling out of work remain on CTC, and out of work families having their first child must apply for CTC. The residual families will be migrated to CTC in due course.

According to HM Revenue and Customs an estimated 1.4 million out-of-work families in the UK received out-of-work benefits including those receiving just CTC and no other benefits. Estimates for out of work families receiving their child support via benefits, without CTC or receiving just CTC and no other benefit is derived from various sources, these figures are fairly unreliable at the UK level, let alone for smaller geographies and fall outside National Statistics.

- Family members, whatever their nationality, of EEA workers

If someone is recognised as a refugee they can claim backdated tax credits for the period before they were recognised. They must claim within three months of being notified that they have been granted refugee status.

Asylum seekers are generally excluded from entitlement to tax credits.

CTC and WTC are claimed by lone parents, individuals or jointly by couples and all are described as "families" in this Briefing.

### **Child Tax Credit**

Child Tax Credit is a means-tested allowance for parents and carers of children or young people who are still in full-time education.

All families with children can claim Child Tax Credit if their income is no more than £58,175 a year (up to £66,350 if the child is under one). The claimant doesn't have to be the child's parent to be eligible, but must be the main person who is responsible for them.

The amount a person receives depends on various factors, including their annual income.

The payment is made up of two elements:

- a family element paid to any family with at least one child and worth up to £545 (2006-2007 tax year)
- a child element paid for each child in the family and worth up to £1,765 (2006-2007 tax year)

A person may get more if they care for a child under one or a disabled child.

Therefore, a person can qualify for CTC if they satisfy all of the following:

- they have at least one dependable child or qualifying young person
- their income is sufficiently low
- they are a 'present' and 'ordinarily resident' in Great Britain
- they are not subject to immigration control

### **Working Tax Credits**

Working Tax Credit is designed to help people in-work on low incomes whether they are employed or self-employed and can include support for qualifying childcare. Extra help is available for people working 30 or more hours per week, disabled people, or people aged 50 or over who recently returned to work after a period on benefit.

To claim Working Tax Credit, a person has to be aged 16 or over, and work for 16 hours or more a week. Tax Credits are based on their household circumstances, so the

claimant will need to provide information relating to the different elements that make up the allowance, including:

- earnings and the average number of hours worked a week
- partner's earnings (if they have one) and their average hours of work
- any benefits being claimed
- the number and ages of children in the family
- the amount spent each week on childcare

People without children can claim WTC but in practice the majority of those claiming are families with children.

#### Finalised awards

A family's entitlement to Child Tax Credit (CTC) and Working Tax Credit (WTC) in 2004-05 depends on its circumstances in that year (for example, the number of children, childcare costs, adults' and children's disabilities) and on its income.

Families have been encouraged to report any changes of circumstances, and an estimate of its present income, at any time, but generally did not have to do so until 2005-06. When the family provided full information in 2005-06, including its 2004-05 income, the "finalised" 2004-05 award was calculated. This Briefing classifies families according to the information reported for these finalised awards.

<b>SUMMARY OF ELIGIBILITY</b>		
<b>Age and employment status</b>	<b>Child Tax Credit</b>	<b>Working Tax Credit</b>
Aged at least 16, not in work and be responsible for a child	✓	
Aged over 16, have a child and work at least 16 hours a week	✓	✓
Aged over 16, be disabled and work at least 16 hours a week		✓
Aged over 16, be disabled and work at least 16 hours a week and be responsible for a child	✓	✓
Aged over 25 and work at least 30 hours a week		✓
Aged over 25 and work at least 30 hours a week and be responsible for a child	✓	✓
Aged 50 or more, work at least 16 hours a week and be receiving certain benefits		✓
Aged 50 or more, work at least 16 hours a week and be receiving certain benefits and be responsible for a child	✓	✓

## Findings

**Table 1 Average number of in-work families receiving tax credits (cases) by region and country, 2004/05**

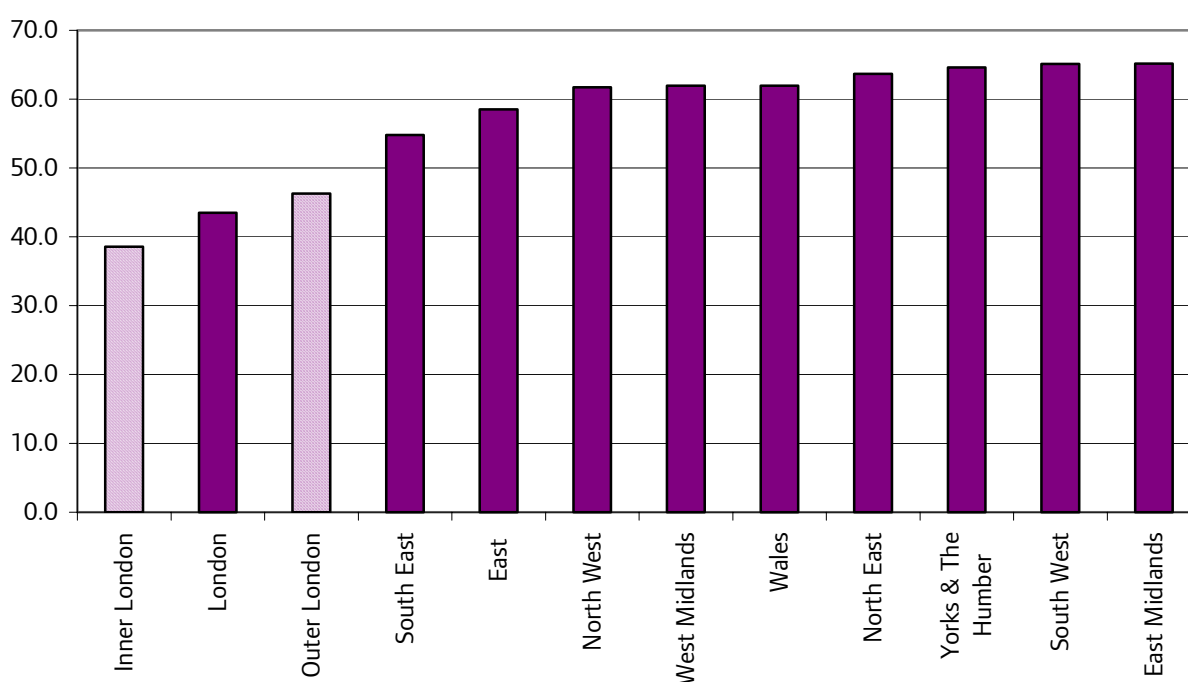
	All cases –with or without children (000's)	Families with children			
		All cases with children (000's)	Rate - percent of population (families with children) %	Of which, lone parents (000's)	Lone parents - percent of all cases (%)
North East	220	202	63.7	52	25.7
North West	562	528	61.7	138	26.1
Yorks & The Humber	424	399	64.6	93	23.3
East Midlands	352	334	65.2	72	21.6
West Midlands	430	410	62.0	91	22.2
East	396	382	58.5	77	20.2
<b>London</b>	<b>389</b>	<b>378</b>	<b>43.5</b>	<b>117</b>	<b>31.0</b>
<i>Inner London</i>	125	121	38.6	50	41.8
<i>Outer London</i>	264	257	46.3	67	26.1
South East	542	525	54.8	112	21.3
South West	391	370	65.1	75	20.3
Wales	243	226	62.0	54	23.9
England	3,706	3,528	58.7	828	23.5
England and Wales	3,949	3,754	58.9	882	23.5

Source: HM Revenue and Customs

Note: The rate is calculated as a percentage of all families with children from the 2001 Census.

**Chart 1 Average number of cases by region as a percentage of the population (all families with children), 2004/05**

Source: HM Revenue and Customs



**Table 2 Average number of cases by region and country, 2003/04 to 2004/05**

	Families with children				
	2003/04		2004/05		Percentage change in numbers, 2003/04 to 2004/05
	Total cases (000's)	Rate - percent of population (all families with children) %	Total cases (000's)	Rate - percent of population (all families with children) %	
North East	200	63.1	202	63.7	1.0
North West	518	60.6	528	61.7	1.9
Yorks & The Humber	392	63.5	399	64.6	1.8
East Midlands	330	64.4	334	65.2	1.2
West Midlands	400	60.5	410	62.0	2.4
East	374	57.3	382	58.5	2.1
<b>London</b>	<b>354</b>	<b>40.7</b>	<b>378</b>	<b>43.5</b>	<b>6.3</b>
<i>Inner London</i>	109	34.8	121	38.6	10.8
<i>Outer London</i>	245	44.1	257	46.3	5.0
South East	511	53.3	525	54.8	2.7
South West	362	63.7	370	65.1	2.2
Wales	222	60.9	226	62.0	1.8
England	3,440	57.2	3,528	58.7	2.5
England and Wales	3,662	57.4	3,754	58.9	2.5

Source: HM Revenue and Customs

Note: The rate is as a percentage of all families with children from the 2001 Census.

In 2004/05 389,000 families received tax credits in London, of these 378,000 were families with children – 44 per cent of all families with children in London. This is the lowest for any region in England and Wales. The region with the highest percentage was the East Midlands with just over 65 per cent and in England and Wales as a whole the percentage that received tax credits was 59 per cent (see Table 1 and Chart 1).

The rate for Inner London was only 38.6 per cent.

In London, 31 per cent of families with children who received tax credits (cases) were lone parent families; this is the highest in England and Wales, which had an overall percentage of 23.5 per cent. In Inner London 42 per cent of cases were lone parent families.

Table 2 shows the number of cases in 2004/05 compared with the previous year. There was not a large increase in numbers, in England and Wales there was a 2.5 per cent increase from 2003/04. However, London (despite having the lowest percentage of cases in the country) had the largest percentage increase between 2003/04 and 2004/05 with 6.3 per cent. In Inner London the percentage increase was nearly 11 per cent, double the percentage increase of Outer London (see Table 2).

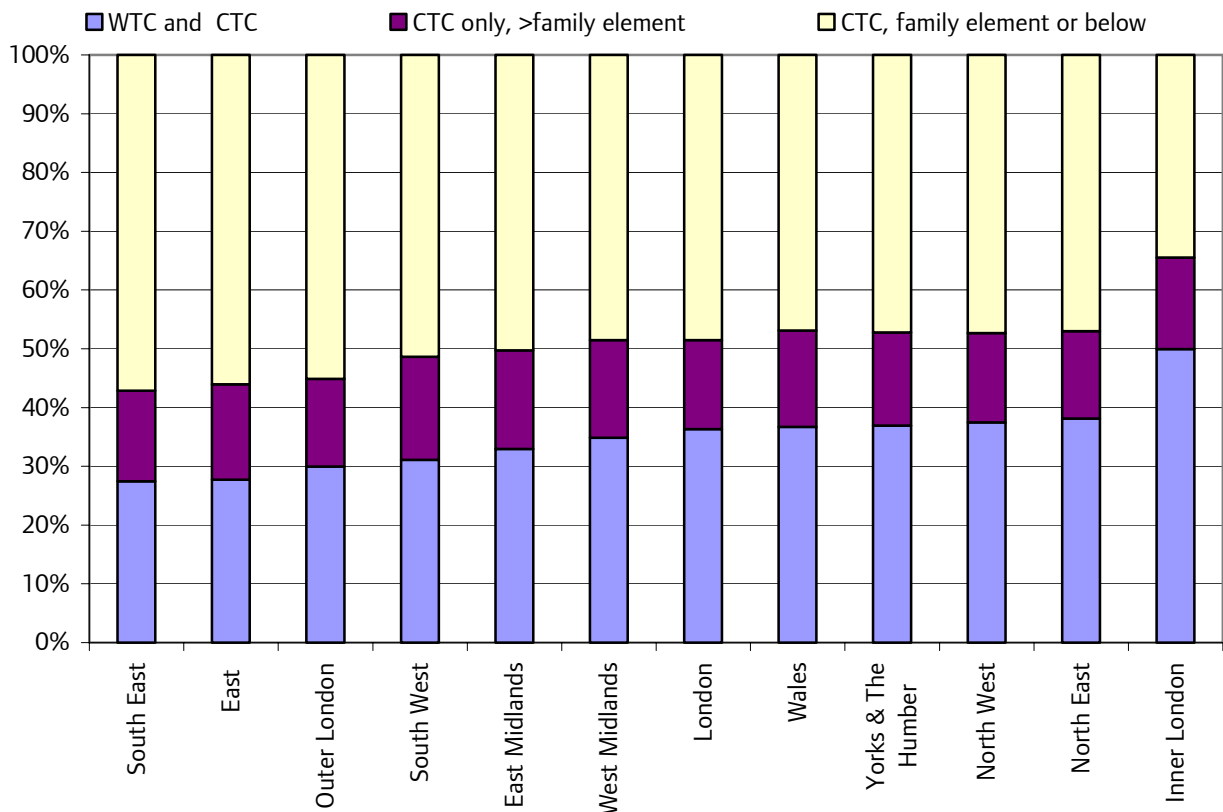
**Table 3 Average number of cases by type of award, 2004/05**

	Families with children						
	Total cases (000's)	WTC and CTC (000's)	CTC only, >family element (000's)	CTC, family element or below (000's)	WTC and CTC (% of total)	CTC only, >family element (% of total)	CTC, family element or below (% of total)
North East	202	77	30	95	38.1	14.9	47.0
North West	528	198	80	250	37.5	15.2	47.3
Yorks & The Humber	399	147	63	188	36.8	15.8	47.1
East Midlands	334	110	56	168	32.9	16.8	50.3
West Midlands	410	143	68	199	34.9	16.6	48.5
East	382	106	62	214	27.7	16.2	56.0
<b>London</b>	<b>378</b>	<b>137</b>	<b>57</b>	<b>183</b>	<b>36.2</b>	<b>15.1</b>	<b>48.4</b>
<i>Inner London</i>	121	60	19	42	49.9	15.6	34.5
<i>Outer London</i>	257	77	38	142	30.0	14.9	55.1
South East	525	144	81	300	27.4	15.4	57.1
South West	370	115	65	190	31.1	17.6	51.4
Wales	226	83	37	106	36.7	16.4	46.9
England	3,528	1,177	562	1,789	33.4	15.9	50.7
England and Wales	3,754	1,260	599	1,895	33.6	16.0	50.5

Source: HM Revenue and Customs

**Chart 2 Average number of cases by type of award – proportion of all awards received, 2004/05**

Source: HM Revenue and Customs



**Table 4 Average number of children in families receiving tax credits, 2003/04 to 2004/05**

	Children in families receiving tax credits				
	2003/04		2004/05		Percentage change in numbers, 2003/04 to
	Total 000's	Rate - percent of population (%)	Total 000's	Rate - percent of population (%)	
North East	341	62.0	337	61.3	-1.2
North West	919	59.8	917	59.6	-0.2
Yorks & The Humber	696	62.5	695	62.4	-0.1
East Midlands	591	64.2	587	63.8	-0.7
West Midlands	726	60.2	729	60.5	0.4
East	684	57.3	685	57.4	0.1
<b>London</b>	<b>645</b>	<b>40.6</b>	<b>673</b>	<b>42.3</b>	<b>4.3</b>
<i>Inner London</i>	201	34.5	219	37.5	8.8
<i>Outer London</i>	444	44.0	455	45.2	2.6
South East	931	53.2	937	53.6	0.6
South West	661	64.2	659	64.0	-0.3
Wales	394	60.5	394	60.5	0.0
England	6,194	56.9	6,219	57.1	0.4
England and Wales	6,588	57.1	6,613	57.3	0.4

Source: HM Revenue and Customs

Note: The rate is as a percentage of all dependent children from the 2001 Census.

**Table 5 Average number of children in families receiving tax credits by type of award, 2004/05**

	Children in families receiving tax credits						
	Total (000's)	WTC and CTC (000's)	CTC only, >family element (000's)	CTC, family element or below (000's)	WTC and CTC (% of total)	CTC only, >family element (% of total)	CTC, family element or below (% of total)
North East	337	132	60	145	39.2	17.8	43.0
North West	917	356	167	394	38.8	18.2	43.0
Yorks & The Humber	695	268	132	295	38.6	19.0	42.4
East Midlands	587	199	119	269	33.9	20.3	45.8
West Midlands	729	267	146	316	36.6	20.0	43.3
East	685	194	136	355	28.3	19.9	51.8
<b>London</b>	<b>673</b>	<b>257</b>	<b>121</b>	<b>295</b>	<b>38.2</b>	<b>18.0</b>	<b>43.8</b>
<i>Inner London</i>	219	116	39	63	53.3	17.9	28.7
<i>Outer London</i>	455	141	82	232	31.0	18.1	51.0
South East	937	261	179	497	27.9	19.1	53.0
South West	659	207	141	311	31.4	21.4	47.2
Wales	394	147	79	168	37.3	20.1	42.6
England	6,219	2,141	1,201	2,877	34.4	19.3	46.3
England and Wales	6,613	2,288	1,280	3,045	34.6	19.4	46.0

Source: HM Revenue and Customs

In terms of the type of award being received, London is similar to other regions and to England and Wales as a whole. However, the figures for Inner London show a significant difference. Nearly 50 per cent of cases received both child and working tax credits, this compares to 30 per cent in Outer London and just under 34 per cent in England and Wales. The proportion receiving CTC only but more than the family element is similar to the rest of the country but the proportion of families receiving the family element or below was significantly lower than the rest of the country and the rest of London – 34.5 per cent in Inner London compared to 50.5 per cent in England and Wales and 55 per cent in Outer London (see Table 3 and Chart 2).

The lower level in Inner London of families claiming CTC below the family element shows that there are many families, with at least one individual in work, who are not reaching the threshold of £58,175 a year. In fact their incomes are low enough that they can claim WTC as well as CTC – as shown by the high proportions claiming both. To be entitled to WTC you must work for 16 hours or more a week – if you do not satisfy this basic element you cannot claim for any other element of WTC. The fact that WTC has a lone parent element and a disability element may also contribute to explaining the higher percentage in Inner London claiming WTC as there is a high percentage of both of these groups in its population.

However, this is an incomplete picture. The figures in this Briefing only cover in-work families therefore there would be many more in London claiming CTC above the family element if workless households were included in the figures. According to the Labour Force Survey for Spring 2005, nearly one third (31 per cent) of households with children are workless – almost double the rate of Outer London (18 per cent). The rate of worklessness among lone parent households in Inner London was 57 per cent, far higher than those in the rest of the UK and only 35 per cent of couple households with children have all adults in work.

Tables 4 and 5 show the number of children in families receiving tax credits and as you would expect show the same patterns. They show that London (and especially Inner London) has the highest rates of increase from 2003/04 to 2004/05 but the lowest rates in terms of the percentage of all children in the population benefiting compared to other regions and to England and Wales as a whole. Again, the percentage of children in families receiving tax credits (with family element or below) is very low in Inner London with just under 29 per cent compared to 49 per cent for England and Wales and 51 per cent in Outer London (but it should be borne in mind that these figures only cover working families).

Tables 6 to 10 repeat what is shown in Tables 1 to 5 but at the London borough level. The largest number of cases was in the London borough of Croydon with over 21,000 but the borough with the highest rate (i.e. as a proportion of all families with dependent children) was Bexley with 58 per cent, closely followed by Havering with 56 per cent.

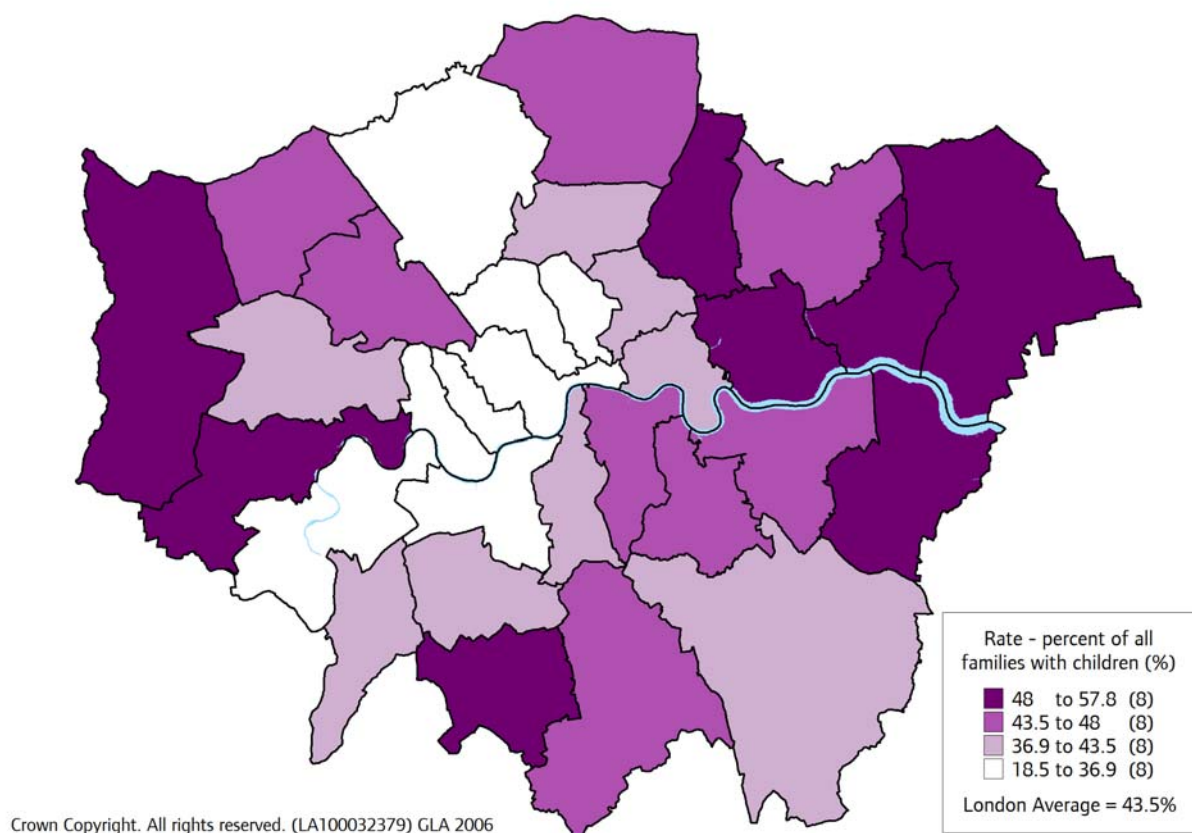
The lowest rate by far is in Kensington and Chelsea with 18.5 per cent – this half the rate for Inner London as a whole, only 2,800 families with children claim tax credits in

Kensington and Chelsea. The next lowest rate is in Richmond upon Thames with 28 per cent (see Table 6 and Map 1).

Just over 53 per cent of all cases in Southwark are lone parents – the highest percentage of all boroughs. This is just higher than the percentage for Lambeth with just under 53 per cent. The boroughs with the lowest percentages of lone parents claiming tax credits are Harrow and Havering with 19 and 20 per cent respectively (see Table 6).

**Map 1 Average number of cases by London borough as a percentage of population (all families with children), 2004/05**

Source: HM Revenue and Customs



The percentage increase in cases from 2003/04 to 2004/05 was highest in Hackney with 16.3 per cent closely followed by Newham with 16.2 per cent. Southwark also had a large increase with 14.6 per cent. It should be noted that the numbers for 2003/04 are sample based and these increases should be treated with caution – all three boroughs have high ethnic populations which are usually underrepresented in surveys and it may be that some of the increase is due to more of these families being picked up in the wider coverage used in 2004/05. Havering had the lowest percentage increase with 1.6 per cent (see Table 7).

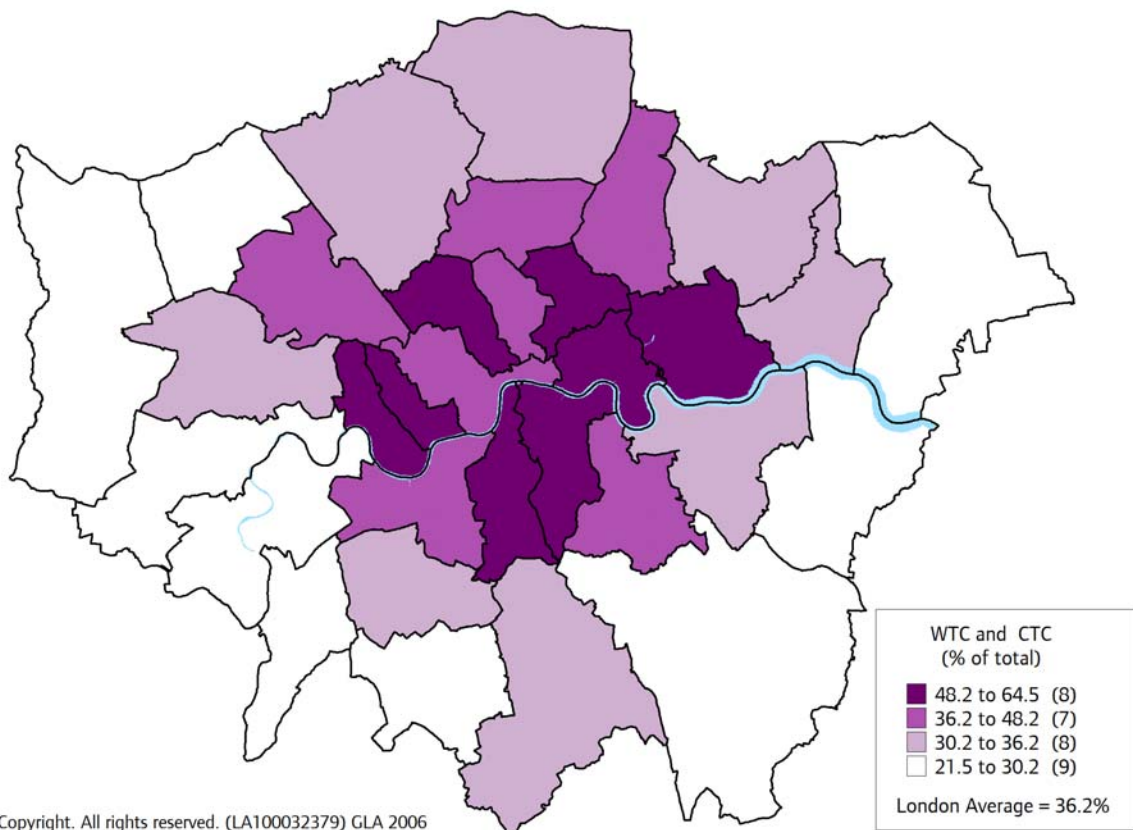
It is also pertinent that from April 2004 those receiving the child element through income support and jobseeker's allowance transferred onto child tax credits. Families on income support and jobseeker's allowance who were already receiving child tax credit have started to receive support for their children solely through child tax credit. New claimants of income support and jobseeker's allowance are no longer awarded child allowances in those benefits, but receive child tax credit instead. The automatic phased transfer on to child tax credit of the remaining families with children within income support and jobseeker's allowance began in October 2004. The claimant rate for both these benefits is high in those boroughs with high percentage increases from 2003/04.

The general pattern for boroughs in terms of type of award is that Inner London boroughs have a higher proportion of cases claiming both CTC and WTC and Outer London boroughs have a higher proportion claiming just CTC with the family element or below (see Table 8 and Maps 2 and 3).

Just over 64 per cent of cases, in Tower Hamlets, benefit from both CTC and WTC, whereas only 23 per cent are claiming just CTC with the family element or lower. Other boroughs with over 50 per cent claiming CTC and WTC are Camden, Hackney, Lambeth, Newham and Southwark.

**Map 2 Average number of in-work families receiving both WTC and CTC as a proportion of all cases, 2004/05**

Source: HM Revenue and Customs



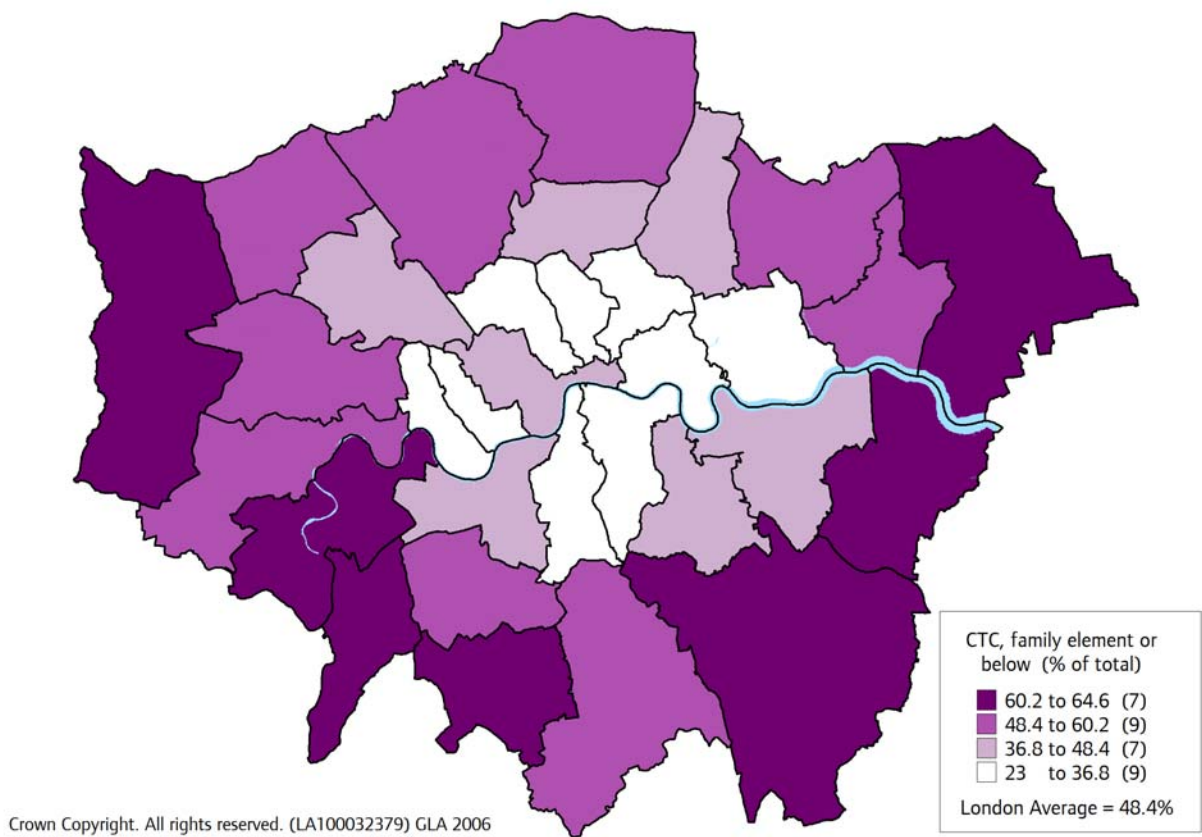
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Havering on the other hand has the highest proportion claiming just CTC with the family element or below with 64.5 per cent and the lowest proportion claiming WTC and CTC with 21.5 per cent. Other boroughs with high proportions include Bexley, Sutton, Kingston upon Thames and Bromley.

Table 9 and 10 show the number of children as apposed to number of families and the patterns at the borough level are similar.

**Map 3 Average number of in-work families receiving just CTC equal to the family element or below as a proportion of all cases, 2004/05**

Source: HM Revenue and Customs



**Table 6 Average number of cases by London borough, 2004/05, 000's**

	All cases (including those without children)	Families with children			
		All cases with children (000's)	Rate - percent of population (families with children) %	Of which, lone parents	Lone parents - percent of all cases (%)
Barking and Dagenham	11.99	11.64	51.2	3.40	29.2
Barnet	14.47	14.05	36.0	3.65	26.0
Bexley	16.44	16.11	57.8	3.51	21.8
Brent	14.98	14.49	44.1	4.58	31.6
Bromley	16.20	15.86	43.3	4.00	25.2
Camden	5.95	5.66	29.0	2.07	36.6
Croydon	21.68	21.17	47.4	6.94	32.8
Ealing	15.99	15.55	42.6	3.94	25.3
Enfield	16.86	16.50	46.0	4.62	28.0
Greenwich	13.40	12.88	46.5	4.53	35.2
Hackney	11.17	10.70	41.8	4.77	44.6
Hammersmith and Fulham	4.98	4.75	29.5	2.22	46.7
Haringey	10.24	9.83	36.9	4.19	42.6
Harrow	12.35	12.08	46.3	2.28	18.9
Havering	15.45	15.14	55.8	2.98	19.7
Hillingdon	16.17	15.91	51.7	3.51	22.1
Hounslow	13.45	13.12	49.1	3.14	23.9
Islington	6.52	6.23	32.2	2.83	45.4
Kensington and Chelsea	2.96	2.78	18.5	1.11	39.9
Kingston upon Thames	7.36	7.22	41.6	1.60	22.2
Lambeth	13.46	12.93	41.9	6.80	52.6
Lewisham	15.31	14.84	45.7	6.80	45.8
Merton	9.87	9.63	42.8	2.59	26.9
Newham	17.21	16.61	48.5	5.25	31.6
Redbridge	14.60	14.26	46.5	3.15	22.1
Richmond upon Thames	5.75	5.63	28.0	1.43	25.4
Southwark	13.54	13.06	44.1	6.95	53.2
Sutton	12.16	11.93	52.2	2.69	22.5
Tower Hamlets	9.38	9.08	41.1	2.05	22.6
Waltham Forest	14.56	14.20	50.8	4.51	31.8
Wandsworth	9.38	9.04	35.3	3.72	41.2
Westminster/City of London <sup>1</sup>	5.32	5.10	32.5	1.61	31.6

<sup>1</sup> The City of London contributes 0.14 thousand to the total number of average awards

Source: HM Revenue and Customs

Note: The rate is as a percentage of all families with children from the 2001 Census.

**Table 7 Average number of cases, change between 2003/04 and 2004/05**

	Families with children					Percentage change in numbers, 2003/04 to 2004/05
	2003/04		2004/05			
	Total cases (000's)	Rate - percent of population (all families with children) %	Total cases (000's)	Rate - percent of population (all families with children) %		
Barking and Dagenham	10.8	47.5	11.6	51.2	7.8	
Barnet	13.1	33.6	14.1	36.0	7.3	
Bexley	15.7	56.3	16.1	57.8	2.6	
Brent	13.5	41.1	14.5	44.1	7.3	
Bromley	15.6	42.6	15.9	43.3	1.7	
Camden	5.1	26.1	5.7	29.0	11.0	
Croydon	20.4	45.7	21.2	47.4	3.8	
Ealing	14.3	39.2	15.6	42.6	8.7	
Enfield	15.4	42.9	16.5	46.0	7.1	
Greenwich	12.5	45.1	12.9	46.5	3.0	
Hackney	9.2	35.9	10.7	41.8	16.3	
Hammersmith and Fulham	4.3	26.7	4.8	29.5	10.5	
Haringey	9.4	35.3	9.8	36.9	4.6	
Harrow	11.7	44.8	12.1	46.3	3.2	
Havering	14.9	54.9	15.1	55.8	1.6	
Hillingdon	15.3	49.7	15.9	51.7	4.0	
Hounslow	12.2	45.7	13.1	49.1	7.5	
Islington	6.0	31.0	6.2	32.2	3.8	
Kensington and Chelsea	2.4	16.0	2.8	18.5	15.8	
Kingston upon Thames	6.9	39.7	7.2	41.6	4.6	
Lambeth	12.0	38.9	12.9	41.9	7.8	
Lewisham	13.7	42.2	14.8	45.7	8.3	
Merton	9.3	41.4	9.6	42.8	3.5	
Newham	14.3	41.7	16.6	48.5	16.2	
Redbridge	13.4	43.7	14.3	46.5	6.4	
Richmond upon Thames	5.3	26.3	5.6	28.0	6.2	
Southwark	11.4	38.5	13.1	44.1	14.6	
Sutton	11.6	50.8	11.9	52.2	2.8	
Tower Hamlets	8.2	37.1	9.1	41.1	10.7	
Waltham Forest	13.3	47.6	14.2	50.8	6.8	
Wandsworth	8.4	32.8	9.0	35.3	7.6	
Westminster/City of London	4.5	28.7	5.1	32.5	13.3	

Source: HM Revenue and Customs

Note: The rate is as a percentage of all families with children from the 2001 Census.

**Table 8 Average number of cases by type of award, 2004/05, 000's**

	Families with children						
	Total cases (000's)	WTC and CTC	CTC only, >family element	CTC, family element or below	WTC and CTC (% of total)	CTC only, >family element (% of total)	CTC, family element or below (% of total)
Barking and Dagenham	11.64	4.04	1.96	5.64	34.7	16.8	48.5
Barnet	14.05	4.45	2.09	7.51	31.7	14.9	53.5
Bexley	16.11	3.65	2.20	10.26	22.7	13.7	63.7
Brent	14.49	5.66	2.35	6.48	39.1	16.2	44.7
Bromley	15.86	3.96	2.04	9.85	25.0	12.9	62.1
Camden	5.66	2.91	0.83	1.92	51.4	14.7	33.9
Croydon	21.17	6.90	3.19	11.08	32.6	15.1	52.3
Ealing	15.55	5.21	2.54	7.80	33.5	16.3	50.2
Enfield	16.50	5.47	2.44	8.59	33.2	14.8	52.1
Greenwich	12.88	4.63	2.17	6.09	35.9	16.8	47.3
Hackney	10.70	6.20	1.61	2.89	57.9	15.0	27.0
Hammersmith and Fulham	4.75	2.31	0.77	1.67	48.6	16.2	35.2
Haringey	9.83	4.66	1.49	3.67	47.4	15.2	37.3
Harrow	12.08	3.11	1.70	7.27	25.7	14.1	60.2
Havering	15.14	3.26	2.12	9.77	21.5	14.0	64.5
Hillingdon	15.91	3.94	2.34	9.64	24.8	14.7	60.6
Hounslow	13.12	3.96	2.13	7.03	30.2	16.2	53.6
Islington	6.23	2.93	1.02	2.29	47.0	16.4	36.8
Kensington and Chelsea	2.78	1.34	0.45	0.99	48.2	16.2	35.6
Kingston upon Thames	7.22	1.80	0.91	4.50	24.9	12.6	62.3
Lambeth	12.93	6.58	2.07	4.28	50.9	16.0	33.1
Lewisham	14.84	6.03	2.34	6.47	40.6	15.8	43.6
Merton	9.63	3.08	1.53	5.02	32.0	15.9	52.1
Newham	16.61	8.48	2.69	5.44	51.1	16.2	32.8
Redbridge	14.26	4.45	2.07	7.74	31.2	14.5	54.3
Richmond upon Thames	5.63	1.49	0.68	3.46	26.5	12.1	61.5
Southwark	13.06	6.64	2.16	4.25	50.8	16.5	32.5
Sutton	11.93	2.67	1.74	7.52	22.4	14.6	63.0
Tower Hamlets	9.08	5.85	1.14	2.09	64.4	12.6	23.0
Waltham Forest	14.20	5.37	2.22	6.62	37.8	15.6	46.6
Wandsworth	9.04	3.88	1.43	3.72	42.9	15.8	41.2
Westminster/City of London	5.10	2.41	0.81	1.88	47.3	15.9	36.9

Source: HM Revenue and Customs

**Table 9 Average number of children in families receiving tax credits, change between 2003/04 and 2004/05**

	Children in families receiving tax credits				
	2003/04		2004/05		Percentage change in numbers, 2003/04 to 2004/05
	Total 000's	Rate - percent of population (%)	Total 000's	Rate - percent of population (%)	
Barking and Dagenham	19.8	47.7	21.0	50.5	5.8
Barnet	24.5	34.2	25.4	35.4	3.5
Bexley	28.4	56.1	28.4	56.0	-0.1
Brent	24.1	41.1	25.2	43.0	4.5
Bromley	27.6	42.3	27.6	42.2	-0.1
Camden	9.3	26.2	9.9	27.8	6.1
Croydon	36.5	46.0	37.1	46.7	1.6
Ealing	25.9	38.8	27.6	41.3	6.5
Enfield	27.7	42.9	28.8	44.7	4.1
Greenwich	22.7	45.2	22.8	45.5	0.6
Hackney	19.3	37.6	21.9	42.8	13.6
Hammersmith and Fulham	7.6	26.0	8.0	27.4	5.7
Haringey	17.1	35.4	17.4	36.0	1.6
Harrow	21.5	45.7	21.4	45.4	-0.7
Havering	27.0	54.6	26.9	54.3	-0.4
Hillingdon	28.2	50.0	28.3	50.2	0.5
Hounslow	21.8	44.9	23.3	47.9	6.7
Islington	10.4	29.9	10.6	30.4	1.8
Kensington and Chelsea	3.8	14.2	4.6	17.1	20.3
Kingston upon Thames	12.3	39.5	12.6	40.4	2.1
Lambeth	20.8	38.1	22.2	40.6	6.7
Lewisham	24.0	42.0	25.5	44.6	6.0
Merton	17.0	42.2	16.9	42.0	-0.4
Newham	28.2	40.7	32.1	46.4	13.9
Redbridge	24.8	43.3	26.0	45.4	4.7
Richmond upon Thames	9.2	25.8	9.6	26.9	4.2
Southwark	20.7	38.9	23.3	43.9	12.8
Sutton	20.7	49.8	20.9	50.3	1.0
Tower Hamlets	17.3	35.3	18.8	38.3	8.7
Waltham Forest	23.9	46.6	25.4	49.7	6.4
Wandsworth	14.4	31.5	15.4	33.7	7.0
Westminster/City of London	7.9	29.1	8.8	32.6	11.8

Source: HM Revenue and Customs

Note: The rate is as a percentage of all dependent children from the 2001 Census.

**Table 10 Average number of children in families receiving tax credits by type of award, 2004/05, 000's**

	Children in families receiving tax credits						
	Total	WTC and CTC	CTC only, >family element	CTC, family element or below	WTC and CTC (% of total)	CTC only, >family element (% of total)	CTC, family element or below (% of total)
Barking and Dagenham	21.0	7.40	4.32	9.23	35.3	20.6	44.1
Barnet	25.4	8.32	4.67	12.37	32.8	18.4	48.8
Bexley	28.4	6.46	4.82	17.09	22.8	17.0	60.2
Brent	25.2	10.32	4.78	10.09	41.0	19.0	40.1
Bromley	27.6	6.94	4.31	16.33	25.2	15.6	59.2
Camden	9.9	5.45	1.62	2.80	55.2	16.4	28.4
Croydon	37.1	12.32	6.76	18.00	33.2	18.2	48.5
Ealing	27.6	9.65	5.37	12.56	35.0	19.5	45.5
Enfield	28.8	9.87	5.09	13.88	34.2	17.6	48.1
Greenwich	22.8	8.39	4.62	9.82	36.7	20.2	43.0
Hackney	21.9	13.86	3.66	4.41	63.2	16.7	20.1
Hammersmith and Fulham	8.0	4.05	1.54	2.44	50.4	19.2	30.4
Haringey	17.4	8.72	3.14	5.51	50.2	18.1	31.7
Harrow	21.4	5.83	3.62	11.91	27.3	16.9	55.8
Havering	26.9	5.79	4.67	16.42	21.5	17.4	61.1
Hillingdon	28.3	7.23	5.03	16.08	25.5	17.7	56.7
Hounslow	23.3	7.37	4.59	11.30	31.7	19.7	48.6
Islington	10.6	5.26	2.02	3.31	49.7	19.1	31.3
Kensington and Chelsea	4.6	2.29	0.89	1.39	50.1	19.5	30.4
Kingston upon Thames	12.6	3.23	1.94	7.39	25.7	15.4	58.8
Lambeth	22.2	11.68	4.17	6.35	52.6	18.8	28.6
Lewisham	25.5	10.62	4.87	9.96	41.7	19.1	39.1
Merton	16.9	5.64	3.24	8.05	33.3	19.1	47.5
Newham	32.1	17.57	5.94	8.60	54.7	18.5	26.8
Redbridge	26.0	8.65	4.51	12.80	33.3	17.4	49.3
Richmond upon Thames	9.6	2.57	1.42	5.60	26.8	14.8	58.4
Southwark	23.3	12.34	4.47	6.53	52.9	19.2	28.0
Sutton	20.9	4.71	3.74	12.45	22.5	17.9	59.6
Tower Hamlets	18.8	13.33	2.40	3.07	70.9	12.8	16.3
Waltham Forest	25.4	10.18	4.76	10.50	40.0	18.7	41.3
Wandsworth	15.4	6.84	2.91	5.66	44.4	18.9	36.7
Westminster/City of London	8.8	4.46	1.59	2.78	50.5	18.0	31.5

Source: HM Revenue and Customs

## Take-Up Rates

HM Revenue and Customs has published Tax Credit Take-Up rates for the first time. There are a number of methodological challenges involved in estimating take-up rates for CTC and WTC, many of which have been dealt with fully or partially in the analysis undertaken by HM Revenue and Customs, and others that remain unaddressed.

### The data used

Three separate data sources have been used to produce the take-up rate estimates:

- Administrative data: a 10 per cent sample of single claimants and 20 per cent sample of couples, taken from tax credit administrative records at various points in time. As tax credit awards can be backdated, some of these “snapshots” relate to 2003-04 but others are drawn from points after the end of the 2003-04 financial year. The dataset is identical to that used to produce the HMRC statistical publication. *Child and Working Tax Credits Statistics: Finalised Annual Awards 2003-04*.
- The Family Resources Survey (FRS): a household survey carried out by the Department for Work and Pensions, which collects a wide range of information relating to (amongst other things) family circumstances and income, which can be used to model families’ entitlement to tax credits.
- The British Household Panel Survey (BHPS): a longitudinal survey of British households carried out since 1991. As a panel study, it allows for comparisons of incomes in individual families across different years, which they use to derive information on 2001-02 and 2003-04 incomes.

In addition to the above datasets, HM Revenue and Customs also make use of The Families and Children Study (FACS), which is a longitudinal survey of families with children. Although it does not cover those without children, it provides a useful check against BHPS figures for those with children.

### Definition of take-up rates

The caseload take-up rate represents the proportion of families who are entitled to a positive tax credit award who take up, or claim, their entitlement. It is estimated as:

$$\frac{CA}{CA + ((ENRFRS \times DAFBHPS) - BAA)}$$

Where:

- CA is the administrative caseload (the number of families receiving a positive tax credit award)

- ENRFRS is the estimated number of those entitled, but not receiving tax credits based on the FRS
- DAFBHPS is an adjustment factor which scales the number of FRS ENRs so that they reflect the impact of the £2,500 disregard; the disregard adjustment factor is calculated using the BHPS
- BAA is an adjustment for backdating, since some ENRs who applied after the FRS interview date, or were waiting for an award for which they had already applied, would subsequently receive tax credits that covered that date.

**Table 11 Take-up by country and region, 2003-04**

	Caseload ('000)	Entitled non-recipients ('000)			Caseload take-up rate (%)		
		Lower bound	Central estimate	Upper bound	Lower bound	Central estimate	Upper bound
North East	200	20	50	80	71	80	91
North West	520	70	100	140	79	84	88
Yorks & the Humber	390	50	80	120	77	83	89
East Midlands	330	50	80	110	74	80	87
West Midlands	400	70	110	150	73	78	85
East	370	90	140	190	67	73	81
London	350	130	190	250	58	65	73
South East	510	150	210	270	65	71	77
South West	360	70	110	150	71	77	83
Wales	220	20	50	80	73	81	93
Scotland	370	50	90	130	75	80	87
Northern Ireland	130	20	50	80	62	73	89

London has the lowest take-up rates in the country – i.e. there are families in London entitled to child and working tax credits and are not claiming – the reasons for this are not clear. However, one reason maybe that there are higher income groups that do not bother to claim because the gain is too small compared to the effort of filling in a long, complicated claim form. Another reason maybe that some low income groups, especially those with English as a second language, are unaware or do not understand the procedures involved to claim either CTC or WTC.

There may be a significant number of families in London who are not entitled to claim tax credits – these families maybe included in the calculations for take-up rates in London but the affect of this is difficult to quantify. One reason for this maybe the use of the Family Resources Survey which is used to model families' entitlement to tax credits as it collects information on family circumstances and income, for London this may include a significant number of families who are not entitled to claim tax credits because they are subject to immigration control – however, the affect of this on take-up rates in London is difficult to quantify.

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